



General Assembly

February Session, 2012

Substitute Bill No. 5140

* HB05140INS 030812 *

AN ACT CONCERNING TIMELY PAYMENT TO AN INSURED BY A MORTGAGE COMPANY.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-498 of the 2012 supplement to the general
2 statutes is amended by adding subsection (i) as follows (*Effective*
3 *October 1, 2012*):

4 (NEW) (i) (1) No mortgage lender, mortgage correspondent lender,
5 mortgage broker or mortgage loan originator shall withhold payment
6 or endorsement of a payment to a borrower from an insurance
7 company insuring such borrower, when (A) such payment is made by
8 the insurance company for a covered claim and the payees jointly
9 named on the payment instrument are the borrower and the mortgage
10 lender, mortgage correspondent lender, mortgage broker or mortgage
11 loan originator, as applicable, and (B) the borrower has provided any
12 required or requested information reasonably necessary to document
13 the covered claim, to the mortgage lender, mortgage correspondent
14 lender, mortgage broker or mortgage loan originator, as applicable, or
15 loan processor, underwriter or mortgage service company of such
16 lender, correspondent lender, broker or loan originator, as applicable.

17 (2) Any such mortgage lender, mortgage correspondent lender,
18 mortgage broker or mortgage loan originator shall pay or endorse a
19 payment for the full amount of the payment instrument specified in
20 subdivision (1) of this subsection, to a borrower not later than ten

21 calendar days after it receives the information provided pursuant to
22 subparagraph (B) of subdivision (1) of this subsection or, if no
23 information is required or requested, after it receives the payment
24 instrument specified in subparagraph (A) of subdivision (1) of this
25 subsection from the borrower or the insurance company.

This act shall take effect as follows and shall amend the following sections:		
---	--	--

Section 1	<i>October 1, 2012</i>	36a-498
-----------	------------------------	---------

Statement of Legislative Commissioners:

In line 1, "2012 supplement to the" was inserted before "general statutes" for accuracy.

INS *Joint Favorable Subst.-LCO*